

Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

A SWOT analysis is an essential tool to develop business and marketing strategies. It is simply a list of the strengths, weaknesses, opportunities and threats pertaining to your product or service. A SWOT analysis is best put into a one-page document so you can compare all four variables in one glance. A SWOT should list only essential items (not a complete, unedited brain dump); and preferably these items are placed in order of priority.

A narrative can precede the SWOT analysis to introduce the product or service; the analysis can conclude with a narrative summing up the top issues and provide a rationale for action taken on them in your business and marketing plans.

SWOT Analysis Grid

Product:

Date:

Strengths	Weaknesses
Opportunities	Threats

Example of a SWOT Analysis

Background

Product

JETSON Medical (a fictitious organization) is a large distributor of pharmaceuticals, injectables, medical and surgical supplies and infusion devices to office-based physicians. From a distribution center in Cleveland, the company provides products to 12,000 regional customers.

Business Strategy

Although originally focused on oncology services, JETSON entered into an aggressive strategy of diversification and is now a leader in a number of specialty medical fields, including rheumatology, urology, immunology and nephrology.

Competition

JETSON has five primary competitors: Oncology Supply (owned by Meyers-Briggs), Hillside Healthcare, Sky Blue Crew and McKesson. The competitors are all public companies. JETSON is a private company.

Position in the Market

Started in 1979, JETSON has about 9 percent of the specialty distribution market of pharmaceuticals in the region. The company's philosophy is to provide a high level of customer service and low prices.

Target Market

JETSON targets office-based physicians and materials managers in larger organizations. Its products are for the medical specialties of oncology, dialysis, family practice, urology, infectious disease, internal medicine, rheumatology and veterinary medicine.

JETSON Medical
SWOT Analysis

<p>Strengths</p> <ol style="list-style-type: none"> 1. Responds quickly to needs of customers 2. Responds quickly to changes in prices of pharmaceuticals 3. Well-established player in the market with good reputation 4. More flexible than the competition due to private ownership. 5. Central location in Ohio; easy distribution to Great Lakes region 6. Diversified into a number of medical fields 7. Large customer base 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. E-commerce not as sophisticated as competition 2. Competitors (public companies) have more funds to work with -- owner of company distributes all profits to the owner, with minimal funds to new capital expenditures. 3. Technology not up to date 4. Turnover in personnel quite high 5. Lack of outside sales force
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Continue to improve customer service 2. Update Web site and add new technologies to attract additional customers 3. Diversify further into medical specialty fields 4. Capitalize on strong labor market in Ohio by obtaining and retaining the best people 5. Build stronger alliances with drug manufacturers to get higher incentives. 6. Provide more valuable services to customers. 	<p>Threats</p> <ol style="list-style-type: none"> 1. Difficult market with stiff price competition 2. New entrants coming into the market 3. Medicare Prescription Drug Act poses new problems with pricing 4. Competition gets better rebates from pharmaceutical manufacturers as they are divisions of mega-corporations. 5. Competitors sometimes get better contract prices for oncology group purchasing organizations and therefore attract more customers 6. Impact of government intervention on industry operations

Summary

Price competition and government intervention in price controls represent the most significant drivers in the wholesale pharmaceutical market. Competitors continually lower prices and the gross margins continue to erode. It is unknown if Congress will make changes to its 2005 plan for oncologists, as the Medicare Prescription Drug Act includes further cutbacks to doctors for chemotherapy.

Physicians may decide it is not cost-effective to perform chemotherapy in their offices and send patients to the hospital. As a specialty distributor, JETSON Medical sells only to office-based physicians, not hospitals or pharmacies. Accordingly, the changes could affect business.

The new Medicare drug plan has provisions for setting up regional distributors with which doctors must contract. This is another form of price control and government oversight of sales.

Another important factor is obtaining the best incentive rebate offers from manufacturers to be able to offer the lowest prices.

A customer survey would help our company determine what attracts and deters physicians and materials managers from purchasing through JETSON Medical. In this extremely competitive market, service quality may be a key strategy.